

FISCAL NOTE

SB 921 - HB 1813

March 6, 2001

SUMMARY OF BILL: Provides that:

- Hospital service corporations that do not have members must give an opportunity to all hospitals in the community served to become contracted providers and included in any provider network. This applies in a community in which a private act metropolitan hospital has fifty-five percent or more of total hospital discharges, but does not apply in a county where such hospital is the sole provider.
- The act is not to preclude exclusive contracts or multi-year group insurance contracts.
- Such hospital service corporations are required to apply for licensure each year.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Impact depends on whether such hospital service corporation in its' contractual relationship with TennCare or the state employee insurance plan is forced to alter its' provider network to the extent that discounts received are impacted. It cannot be determined if such circumstances would occur. To the extent that discounts are lost or reduced in the affected county or counties impacted by the bill as the result of giving up an exclusive contract, the estimated impact would be an increase in state expenditures exceeding \$100,000.

Estimate assumes:

- According to 1998 statistics on hospital discharges from the Department of Health, the two counties affected are Madison and Bradley.
- Annual licensure of the hospital service corporation would depend on meeting the requirement that all hospitals in the two affected communities had been given an opportunity to become contract providers.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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